

Message Text

CONFIDENTIAL

PAGE 01 RABAT 02750 191313 Z

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ACTION AF-18

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C O N F I D E N T I A L RABAT 2750

E. O. 11652: GDS

TAGS: ETRD MO CU

SUBJECT: MOROCCAN- CUBAN RELATIONS AND FINDLEY- BELCHER AMENDMENT

1. SUMMARY. CUBANS PUTTING SEVERE PRESSURE ON MOROCCO TO PROVIDE MANUFACTURED GOODS IN RETURN FOR SUPPLYING CUBAN SUGAR UNDER MOROCCAN- CUBAN COMMERCIAL ACCORD ; IN VIEW OF GREAT IMPORTANCE TO MOROCCO OF CONTINUING AVAILABILITY CUBAN SUGAR AT ADVANTAGEOUS RATES, FONMIN ASKS USG TO CLOSE ITS EYES TO PROVISION BY MOROCCO OF LIMITED AMOUNT OF MANUFACTURED GOODS TO CUBA. END SUMMARY.

2. FONMIN BENHIMA SUMMONED ME JUNE 15 TO HAND ME AIDE MEMOIRE (TEXT BY POUCH) CONCERNING MOROCCO- CUBA COMMERCIAL ACCORD AND FINDLEY- BELCHER AMENDMENT. FOLLOWING ARE PRINCIPAL POINTS:

A. NEGOTIATIONS ABOUT TO BEGIN IN RABAT BETWEEN MOROCCO AND CUBA FOR RENEWAL OF COMMERCIAL ACCORD WHICH EXPIRED DECEMBER 31, 1972.

B. CUBANS WILL ASK FOR INCLUSION OF CERTAIN INDUSTRIAL PRODUCTS IN LIST OF MOROCCAN PRODUCTS TO BE EXPORTED TO CUBA UNDER ACCORD.

C. MOROCCAN- CUBAN COMMERCIAL EXCHANGES CHARACTERIZED
CONFIDENTIAL

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PAGE 02 RABAT 02750 191313 Z

BY CONSTANT DEFICIT BALANCE ON MOROCCAN SIDE.

D. MOROCCAN IMPORTS FROM CUBA CONSIST ENTIRELY OF RAW SUGAR WHEREAS MOROCCAN EXPORTS HAVE DIMINISHED SO AS NOW TO CONSIST ONLY OF PHOSPHATES AND SUPER- PHOSPHATES.

E. CUBANS OBJECT STRONGLY TO THIS EMBARGO ON EXPORT OF MANUFACTURED GOODS WHICH MOROCCO HAS IMPOSED IN LIGHT OF FINDLEY- BELCHER AMENDMENT TO FOREIGN AID ACT.

F. MOROCCAN SUGAR PRODUCTION COVERS ONLY 52 PERCENT OF COUNTRY' S NEEDS. SUGAR IS ESSENTIAL ELEMENTIN BASIC NOURISHMENT OF MOROCCAN POPULATION AND PRIMARY MOROCCAN OBJECTIVE IS TO ASSURE REGULAR AND AMPLE SUPPLY OF SUGAR AT RELATIVELY STABLE PRICES.

G. CUBANS WILL BE OBLIGED TO REFUSE MOROCCO THESE ADVANTAGES IF MOROCCANS SATISFY THEIR REQUIREMENTS FOR MANUFACTURED PRODUCTS SUCH AS CERAMICS, REFRACTORY BRICKS, AUTOMOBILE RADIATORS, PAPER AND CARDBOARD, SEMI- WORKED CORK, ETC.

H. TWO SOLUTIONS TO PROBLEM ARE TO PROVIDE EXPORTS DESIRED BY CUBA OR SEEK SUGAR FROM OTHER EXPORTER COUNTRIES. HOWEVER, DISCUSSIONS WITH BRAZIL HAVE NOT BEENSUCCESSFUL AND THOSE WITH POLAND HAVE REVEALED THAT LATTER COUNTRY UNABLE TO PROVIDE QUANTITY NEEDED BY MOROCCO.

I. MOROCCO COULD HAVE RECOURSE TO INTERNATIONAL MARKET AT WORLD PRICES BUT ONLY ON SHORT- TERM AND WITHOUT CERTAINTY OF REGULARITY.

J. IN LIGHT OF THE IMPERATIVES OF A DOMESTIC NATURE, MEASURES MUST BE TAKEN TO ASSURE REGULAR SUPPLY OF SUGAR AT STABLE PRICES. IT IS CLEAR THAT FOR THE MOEMENT THERE IS NO SURE AND CONSTANT SOURCE FOR MOROCCO OTHER THAN CUBA.

3. AFTER SETTING FORTH MAIN POINTS IN AIDE MEMOIRE, BENHIMA ADDED THAT AT TIME WHEN US IMPROVING ITS RELATIONS WITH USSR AND CHINA AND WHEN THERE HAD BEEN SOME AMELIORATION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 RABAT 02750 191313 Z

IN RELATIONSHIP BETWEEN US AND CUBA, IT WAS UNFAIR TO PENALIZE FRIENDS OF USG BY PREVENTING THEM FROM SENDING NONSTRATEGIC MANUFACTURED ITEMS TO CUBA IN RETURN FOR BADLY NEEDED AGRICULTURAL PRODUCT UNDER FAVORABLE PRICING ARRANGEMENT. SOME OF CLOSEST FRIENDS OF US SUCH AS BELGIUM AND ENGLAND WERE ENGAGED IN HEAVY TRADE WITH CUBA IN ITEMS FAR MORE SIGNIFICANT THAN THOSE CUBANS PREPARED TO ACCEPT FROM

MOROCCO IN EXCHANGE FOR SUGAR BADLY NEEDED HERE. ASSURING
CONSTANT SUPPLY OF SUGAR AT REASONABLE PRICE WAS OF CRITI-
CAL IMPORTANCE TO MOROCCO, GIVEN HIGH CONSUMPTION OF SUGAR
IN THIS COUNTRY. FOR A LONG TIME GOM HAD ACCEPTED
RESTRICTIONS INVOLVED IN FINDLEY- BELCHER AMENDMENT.
NOW, FONMIN ASKED IF USG COULD NOT " LOOK THE OTHER WAY"
IF MOROCCO WERE TO AGREE TO SUPPLY MENTIONED ITEMS
DESIRED BY CUBA.

4. I REPLIED THAT I WAS SYMPATHETIC TO DIFFICULTY IN
WHICH GOM FOUND ITSELF. HOWEVER, CUBA CONTINUED TO
FOLLOW POLICIES HOSTILE TO US AND OTHER AMERICAN
NATIONS. THERE HAD BEEN NO BASIC CHANGE IN OUR RELATIONS
WITH CUBA. MOREOVER, WHEN IN 1972 FORMER PRIME MINISTER
KARIM- LAMRANI HAD RAISED SAME PROBLEM WITH ME, I HAD HAD
TO INFORM HIM ON INSTRUCTIONS FROM WASHINGTON THAT UNDER
FINDLEY- BELCHER AMENDMENT MANUFACTURED PRODUCTS WOULD NOT
FALL WITHIN AREA IN WHICH PRESIDENT COULD DETERMINE IT TO
BE IN NATIONAL INTEREST FOR EXCEPTION TO BE MADE. I DID
NOT THINK THAT EXECUTIVE BRANCH HAD ANY FLEXIBILITY IN
THIS MATTER. I WOULD OF COURSE TRANSMIT HIS AIDE MEMOIRE,
AND HIS REQUEST, TO WASHINGTON.

5. COMMENT: IN VIEW OF INDICATIONS WE HAVE RECENTLY
RECEIVED OF DESIRE OF TOP- LEVEL MOROCCAN AUTHORITIES FOR
SPECIAL INDICATIONS OF IMPORTANCE USG ATTACHES TO ITS
RELATIONS WITH MOROCCO, AND IN LIGHT OF OUR LIKELY INABILITY
TO SATISFY MOROCCAN HOPES FOR INCREASED AID, IT WOULD BE
VERY HELPFUL IF WE COULD ACCOMMODATE BENHIMA IN HIS REQUEST.
I SENSE THAT SUGAR IS OF SUCH IMPORTANCE TO GOM THAT IT
MAY BE PREPARED TO INCUR RISK INVOLVED UNDER FINDLEY- BELCHER
AMENDMENT.
ROCKWELL

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